

Antidumping Investigations and the Pass-Through of Antidumping Duties and Exchange Rates

Extended Abstract

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We show that various procedures surrounding the administration of U.S. antidumping (AD) cases gives firms incentives to pass-through AD duties as much as 200 percent and that exchange rate pass-through is likely altered when firms face AD duties. While our predictions are general for any firms or products involved in U.S. AD cases, we examine both pass-through issues using monthly prices across 345 U.S.-imported Canadian iron and steel products from 1989 through 1995, some of which received duties in U.S. AD cases filed in 1992. We find that pass-through of AD duties is 160 percent for these products, while exchange rate pass-through rises dramatically after products receive AD duties, with no such change for closely-related products not subject to final AD duties. Both results are important in understanding that the effects of these AD cases go beyond that of the initial AD duty rate.

The complete paper is forthcoming in the *American Economic Review*.